

# Milk Pricing

## NEWSLETTER



Dairy Marketing Branch, CDFA

January 2004

## National Cheddar Cheese Commodity Price Decline Continues . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity prices for butter and nonfat dry milk rose slightly, but the Cheddar cheese price continued to decline. Consequently, all types of milk showed a decrease: whole milk decreased four and six tenths cents per gallon, reduced fat milk decreased seven cents per gallon, lowfat milk decreased eight and seven tenths cents per gallon, and skim milk decreased eight and two tenths cents per gallon.

*\*See lowest reported lawful retail milk prices on page 2.*

California milk production continues to remain steady or slightly less than last year levels. The holiday seasonal demands for dairy products and the recent sales promotions of butter, cheese, and ice cream should help reduce the levels of commodity storage inventories. The January return to normal school days and the upcoming Super Bowl weekend should boost consumer demand for dairy products. Nationally, total milk production, milk production per cow, and milk cow numbers continue to be flat or down slightly when compared to last year levels.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

### Minimum Prices for the Four Types of Fluid Milk by Container Size for February 2004

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.148	\$0.574	\$0.287	\$0.143	\$0.096	\$0.072
Reduced Fat (2%)	\$1.042	\$0.521	\$0.260	\$0.130	\$0.087	\$0.065
Lowfat (1%)	\$1.980	\$0.490	\$0.245	\$0.122	\$0.082	\$0.061
Nonfat (Skim)	\$0.735	\$0.368	\$0.184	\$0.092	\$0.061	\$0.046
<b>Southern California</b>						
Whole Milk	\$1.171	\$0.585	\$0.293	\$0.146	\$0.098	\$0.073
Reduced Fat (2%)	\$1.066	\$0.533	\$0.266	\$0.133	\$0.089	\$0.067
Lowfat (1%)	\$1.004	\$0.502	\$0.251	\$0.125	\$0.084	\$0.063
Nonfat (Skim)	\$0.760	\$0.380	\$0.190	\$0.095	\$0.063	\$0.047
<b>Price Changes from the Previous Pricing Period</b>						
	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.046↓	\$0.023↓	\$0.012↓	\$0.006↓	\$0.004↓	\$0.003↓
Reduced Fat (2%)	\$0.070↓	\$0.035↓	\$0.017↓	\$0.009↓	\$0.006↓	\$0.004↓
Lowfat (1%)	\$0.087↓	\$0.044↓	\$0.022↓	\$0.011↓	\$0.007↓	\$0.005↓
Nonfat (Skim)	\$0.082↓	\$0.041↓	\$0.020↓	\$0.010↓	\$0.007↓	\$0.005↓

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

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## Minimum Prices for the Milk Component of Various Manufactured Dairy Products

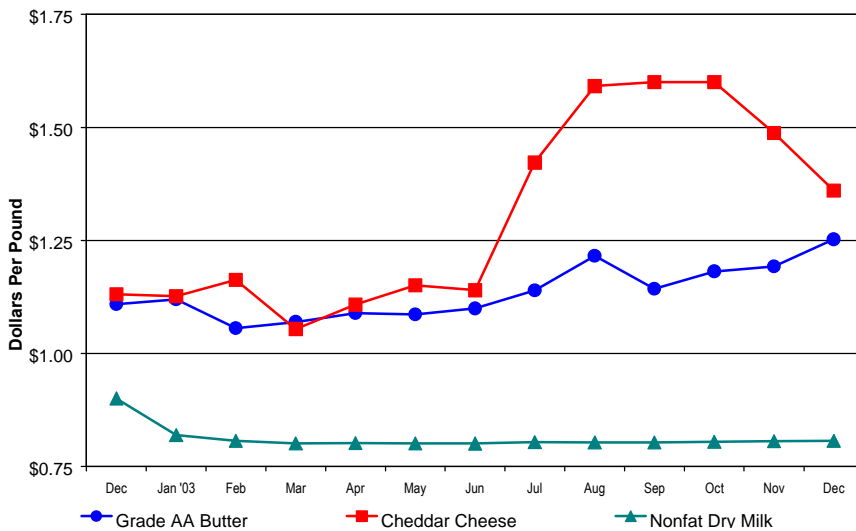
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

Apr '03  
May  
June  
July  
Aug  
Sept  
Oct  
Nov  
Dec  
Jan '04

Lowfat Yogurt (\$/quart)	Super-Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
\$0.18	\$1.07	\$0.41
\$0.18	\$1.07	\$0.41
\$0.18	\$1.08	\$0.42
\$0.18	\$1.08	\$0.42
\$0.18	\$1.13	\$0.44
\$0.18	\$1.13	\$0.44
\$0.18	\$1.15	\$0.44
\$0.18	\$1.15	\$0.44
\$0.18	\$1.16	\$0.45
\$0.18	\$1.16	\$0.45

### National Commodity Prices December 2002 - December 2003 Grade AA Butter, Block Cheddar Cheese, Nonfat Dry Milk



### Lowest Reported Lawful Retail Prices for Milk January 2004

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.39	\$2.20
2% Reduced Fat	\$4.19	\$2.10
1% Lowfat	\$4.19	\$2.10
Nonfat/Skim	\$3.49	\$1.75
<u>Southern California</u>		
Whole Milk	\$4.29	\$2.15
2% Reduced Fat	\$4.11	\$2.06
1% Lowfat	\$4.11	\$2.06
Nonfat/Skim	\$3.41	\$1.71

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at dairy@cdfa.ca.gov, or by contacting TDD 1-800-735-0193.

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